CHAPTER 477

PUBLIC UTILITIES

SENATE BILL 21-103

BY SENATOR(S) Fenberg and Winter, Bridges, Buckner, Fields, Ginal, Gonzales, Hansen, Jaquez Lewis, Kolker, Lee, Moreno, Pettersen. Story. Garcia:

also REPRESENTATIVE(S) Esgar, Bernett, Bird, Caraveo, Cutter, Duran, Exum, Gray, Hooton, Lontine, McCluskie, Michaelson Jenet, Ricks, Sirota, Snyder, Titone, Valdez A., Weissman, Young.

AN ACT

CONCERNING THE CONTINUATION OF THE OFFICE OF CONSUMER COUNSEL, AND, IN CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS CONTAINED IN THE 2020 SUNSET REPORT BY THE DEPARTMENT OF REGULATORY AGENCIES REGARDING THE OFFICE OF CONSUMER COUNSEL AND THE UTILITY CONSUMERS' BOARD, AND MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-34-104, **repeal** (21)(a)(V); and **add** (29)(a)(XVI) as follows:

- **24-34-104.** General assembly review of regulatory agencies and functions for repeal, continuation, or reestablishment legislative declaration repeal. (21) (a) The following agencies, functions, or both, will repeal on September 1, 2021:
 - (V) The office of consumer counsel created in article 6.5 of title 40, C.R.S.;
- (29) (a) The following agencies, functions, or both, are scheduled for repeal on September 1, 2028:
- (XVI) NOTWITHSTANDING SUBSECTION (7)(a) OF THIS SECTION, THE OFFICE OF THE UTILITY CONSUMER ADVOCATE AND THE UTILITY CONSUMERS' BOARD CREATED IN ARTICLE 6.5 OF TITLE 40.
- **SECTION 2.** In Colorado Revised Statutes, **repeal and reenact, with amendments,** 40-6.5-108 as follows:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

- **40-6.5-108.** Repeal of article office of the utility consumer advocate subject to termination. This article 6.5 is repealed, effective September 1, 2028. Before the repeal, this article 6.5 is scheduled for review in accordance with section 24-34-104.
- **SECTION 3.** In Colorado Revised Statutes, 40-6.5-101, **amend** the introductory portion; and **add** (1.3), (2.2), (2.4), (2.8), and (6) as follows:
- **40-6.5-101. Definitions.** As used in this article ARTICLE 6.5, unless the context otherwise requires:
- (1.3) "Board" means the utility consumers' board created in section 40-6.5-102 (3)(a).
- (2.2) "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE, APPOINTED PURSUANT TO SECTION 40-6.5-102 (1).
- (2.4) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REGULATORY AGENCIES, APPOINTED PURSUANT TO SECTION 24-34-101 (1)(a).
- (2.8) "Office" means the office of the utility consumer advocate created in section 40-6.5-102 (1).
- (6) "Telecommunications service" means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.
 - **SECTION 4.** In Colorado Revised Statutes, **amend** 40-6.5-102 as follows:
- **40-6.5-102.** Office of the utility consumer advocate and utility consumers' board creation appointment attorney general to represent. (1) There is hereby created, as a division within the department of regulatory agencies, the office of consumer counsel THE UTILITY CONSUMER ADVOCATE, the head of which shall be the consumer counsel IS THE DIRECTOR, who shall be appointed by the executive director of the department of regulatory agencies pursuant to section 13 of article XII of the state constitution.
- (2) (a) The office of consumer counsel shall exercise its powers and perform its duties and functions specified in this article ARTICLE 6.5 under the department of regulatory agencies as if the same were transferred to the department by a **type 1** transfer, as such transfer is defined in the "Administrative Organization Act of 1968", article 1 of title 24. C.R.S.

(b) Repealed.

(3) (a) The utility consumers' board, which is hereby created, shall guide the policy of the office. of consumer counsel. The board shall exercise its powers and perform its duties and functions specified in this article ARTICLE 6.5 under the department of regulatory agencies and the executive director of the department of

regulatory agencies as if the same were transferred to the department by a type 1 TYPE 2 transfer, as such transfer is defined in the "Administrative Organization Act of 1968", article 1 of title 24. C.R.S.

- (b) (I) The board consists of eleven members, seven of whom the governor shall appoint appoint APPOINTS. The governor shall appoint at least one member who is actively engaged in agriculture as a business and at least two members who are owners of small businesses with one hundred or fewer employees. In making appointments to the board, the governor shall ensure that the membership of the board represents each of the seven congressional districts of the state and that no more than four of the governor's appointments are affiliated with the same political party. The president of the senate, the speaker of the house of representatives, the minority leader of the senate, and the minority leader of the house of representatives shall each appoint one member of the board.
- (II) Members of the board shall be appointed for SERVE terms of four years. If a person has any conflict of interest with the duties required of a member of the board, the person APPOINTING AUTHORITY shall not be appointed APPOINT THE PERSON as a member of the board. The official who appointed a board member may remove that board member for misconduct, incompetence, or neglect of duty. Board members serve without compensation, but members who reside outside the counties of Denver, Jefferson, Adams, Arapahoe, Boulder, Broomfield, and Douglas are entitled to reimbursement for reasonable AND actual expenses to attend board meetings in Denver. The board shall meet at least six times per year.
- (c) It is the duty of the board to represent the public interest of Colorado utility users, and, specifically, the interests of residential, agricultural, and small business users, by providing general policy guidance and oversight for the office of consumer counsel and the consumer counsel DIRECTOR in the performance of their statutory duties and responsibilities as specified in this article ARTICLE 6.5. The powers and duties of the board shall include but not be limited to, the following:
- (I) Providing general policy guidance to the office of consumer counsel regarding rule-making matters, legislative projects, general activities, and priorities of the office; AND
- (II) Gathering data and information and formulating policy positions to advise the office of consumer counsel in preparing analysis and testimony in legislative hearings on proposed legislation affecting the interests of residential, small business, and agricultural utility users.
 - (III) Reviewing the performance of the office of consumer counsel annually;
- (IV) Conferring with the executive director of the department of regulatory agencies on the hiring of the consumer counsel and consulting with such executive director on the annual performance evaluation of the office of consumer counsel and the consumer counsel.
- (4) It is the duty of the attorney general to advise the office of eonsumer counsel and the board in all legal matters and to provide representation in proceedings in which the office of consumer counsel participates.

SECTION 5. In Colorado Revised Statutes, **amend** 40-6.5-103 as follows:

40-6.5-103. Qualifications of the director - conflict of interest. The consumer counsel shall director must have at least five years of experience in consumer-related utility issues or in the operation, management, or regulation of utilities as either an attorney, an engineer, an economist, an accountant, a financial analyst, or an administrator or any combination thereof. No of those roles. The executive director shall not appoint as director a person owning who owns stocks or bonds in a corporation subject in whole or in part to regulation by the commission or who has any pecuniary interest in such corporation. shall be appointed as consumer counsel.

SECTION 6. In Colorado Revised Statutes, **amend** 40-6.5-104 as follows:

- **40-6.5-104. Representation by director powers of the office.** (1) The consumer counsel DIRECTOR shall represent the public interest and, to the extent consistent therewith, the specific interests of residential consumers, agricultural consumers, and small business consumers by appearing in proceedings before the commission and appeals therefrom in matters which THAT involve proposed changes in a public utility's rates and charges; in matters involving rule-making which THAT have an impact on the charges, the provision of services, or the rates to consumers; and in matters which THAT involve certificates of public convenience and necessity for facilities employed in the provision of utility service, the construction of which would have a material effect on the utility's rates and charges.
- (2) In exercising his discretion DETERMINING whether or not to appear in a proceeding OF THE COMMISSION, the consumer counsel DIRECTOR shall consider the importance and the extent of the public interest involved. In evaluating the public interest, INCLUDING THE IMPACT ON RATES AND CHARGES TO CONSUMERS, the consumer counsel DIRECTOR shall give due consideration to STATUTORY DECARBONIZATION GOALS SET FORTH IN SECTIONS 40-2-125.5 (3) AND 25-7-102 (2)(g), JUST TRANSITION IN ACCORDANCE WITH SECTION 40-2-133, ENVIRONMENTAL JUSTICE, AND the short- and long-term impact EFFECT of the proceedings upon various classes of consumers, so as not to jeopardize the interest of one class in an action by another. If the consumer counsel DIRECTOR determines that there may be inconsistent interests among the various classes of the consumers he that the DIRECTOR represents in a particular matter, he the director may choose to represent one of the interests or to represent no interest. Nothing in this section shall be construed to limit LIMITS the right of any person firm, or corporation to petition or make complaint to the commission or otherwise intervene in proceedings or other matters before the commission.
- (3) The consumer counsel DIRECTOR shall be served with notices of all proposed gas and electric tariffs, and he or she THE DIRECTOR shall be served with copies of all orders of the commission affecting the charges of agricultural consumers, residential consumers, and small business consumers.
- (4) The office may intervene in matters before the commission that relate to a telecommunications service proceeding, including a rule-making proceeding, that has an impact on the provision or quality of telecommunications service.

- (5) THE OFFICE SHALL NOT RECOMMEND THAT THE COMMISSION TAKE ANY ACTION THAT WOULD INTERFERE WITH THE ADMINISTRATION OR DETERMINATION OF EMPLOYEES' WAGES, HEALTH INSURANCE, OR RETIREMENT BENEFITS NEGOTIATED BETWEEN A REGULATED UTILITY AND A LABOR UNION THROUGH COLLECTIVE BARGAINING.
- **SECTION 7.** In Colorado Revised Statutes, 40-6.5-105, **amend** (1) introductory portion and (1)(a) as follows:
- **40-6.5-105.** Intervenors other than the office of the utility consumer advocate. (1) If the office of consumer counsel intervenes and there are other intervenors in proceedings before the commission, the determination of said commission with regard to the payment of expenses of intervenors, other than the office, of consumer counsel, and the amounts thereof shall be based on the following considerations:
- (a) Any reimbursements may be awarded only for expenses related to issues not substantially addressed by the office; of consumer counsel;
- **SECTION 8.** In Colorado Revised Statutes, 40-6.5-106, **amend** (1) introductory portion, (1)(a), (1)(c), (2), (2.5), and (3)(a); and **add** (1)(e) and (4) as follows:
 - **40-6.5-106. Powers of the director.** (1) The consumer counsel DIRECTOR:
- (a) May employ such attorneys, engineers, economists, accountants, or other employees as may be necessary to carry out his the director's duties; and shall employ a maximum of sixteen full-time employees or the equivalent thereof;
- (c) May contract for the services of technically qualified persons to perform research and to appear as expert witnesses before the commission. such persons to be paid. The director shall pay any person contracted with pursuant to this subsection (1)(c) from funds appropriated for the director's use. of the consumer counsel;
- (e) (I) May inspect the records and documents of any public utility and conduct depositions under oath of any officer, agent, or employee of a public utility in relation to the public utility's business and affairs. To exercise this authority, the director shall request that the commission issue a subpoena pursuant to the commission's authority under section 40-6-103 (1) to:
- (A) Issue a subpoena on a public utility requiring the public utility to produce records or documents, or, for records or documents kept outside of the state, to produce verified copies of records or documents, for inspection by the office at such time and place that the commission designates; or
- (B) Issue a subpoena for the attendance of witnesses at a deposition to be conducted by the director or the director's designee at such time and place that the commission designates. The director or the director's designee has the authority to administer oaths of witnesses at a

DEPOSITION HELD PURSUANT TO THIS SUBSECTION (1)(e)(I).

- (II) WITH RESPECT TO THE GOOD CAUSE SHOWN REQUIREMENT SET FORTH IN SECTION 40-6-103 (1) FOR THE ISSUANCE OF A SUBPOENA, GOOD CAUSE IS SHOWN FOR A REQUEST MADE PURSUANT TO THIS SUBSECTION (1)(e) IF THE DIRECTOR'S REQUEST IDENTIFIES THE TESTIMONY, RECORDS, OR DOCUMENTS SOUGHT PURSUANT TO THIS SUBSECTION (1)(e).
- (2) The eonsumer counsel DIRECTOR may petition for, request, initiate, and appear and intervene as a party in any COMMISSION proceeding, before the commission concerning INCLUDING A RULE-MAKING PROCEEDING, THAT CONCERNS OR AFFECTS UTILITY rate changes, rule-making, charges, tariffs, modifications of service, and matters involving certificates of public convenience and necessity. Notwithstanding any provision of this article ARTICLE 6.5 to the contrary, the consumer counsel DIRECTOR shall not be a party to any individual complaint between a utility and an individual.
- (2.5) The consumer counsel DIRECTOR may petition for, request, initiate, or seek to intervene in any proceeding before a federal agency which THAT regulates utility rates or service or BEFORE A federal court when the matter before such THE agency or court will affect a rate, charge, tariff, or term of service for a utility product or service for a residential, small business, or agricultural utility consumer in the state of Colorado. The phrase "federal agency which THAT regulates utility rates or service" does not include any federal lending agency.
- (3) (a) The consumer counsel DIRECTOR and any member of his or her THE DIRECTOR'S staff directly involved in a specific adjudicatory proceeding before the commission shall refrain from ex parte communications with members of the commission. The counsel or his or her staff shall DIRECTOR AND THE DIRECTOR'S STAFF have all rights and be ARE governed by the same ex parte rules as all other intervenors.
- (4) (a) THE DIRECTOR OR THE DIRECTOR'S DESIGNEE SHALL PROVIDE POLICY ANALYSIS TO THE EXECUTIVE DIRECTOR ON LEGISLATIVE MATTERS PENDING BEFORE THE GENERAL ASSEMBLY THAT DIRECTLY RELATE TO THE OFFICE'S MISSION.
- (b) THE OFFICE MAY PROVIDE PRESENTATIONS AND OTHER FORMS OF EDUCATION TO THE GENERAL ASSEMBLY ON THE TYPES OF MATTERS THAT INVOLVE:
 - (I) PUBLIC UTILITIES' RATES AND CHARGES;
 - (II) THE PROVISION OF SERVICES;
 - (III) CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR FACILITIES:
 - (A) THAT ARE OR WOULD BE USED IN PROVIDING UTILITY SERVICE; AND
- (B) THE CONSTRUCTION OF WHICH WOULD HAVE MATERIAL EFFECT ON A PUBLIC UTILITY'S RATES AND CHARGES; AND
 - (IV) OTHER MATTERS THAT AFFECT THE PUBLIC INTEREST OF THE CONSTITUENTS

THAT THE OFFICE REPRESENTS.

- (c) The department of regulatory agencies shall annually report on the office as part of its presentation to its committees of reference at a hearing held pursuant to section 2-7-203 (2)(a) of the "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act", including reporting on the following:
- (I) A SUMMARY OF MATTERS IN WHICH THE OFFICE INTERVENED IN THE PRECEDING YEAR AND THE RESOLUTION, IF ANY, OF THOSE MATTERS; AND
 - (II) A SUMMARY OF THE OFFICE'S OTHER WORK IN THE PRECEDING YEAR.

SECTION 9. In Colorado Revised Statutes, **amend** 40-6.5-107 as follows:

40-6.5-107. Financing of office. At each regular session, the general assembly shall determine the amounts amount to be expended by the office of consumer counsel for the direct and indirect costs of administration in performing its duties and responsibilities required by this article ARTICLE 6.5 and shall appropriate THE AMOUNT to the office of consumer counsel from the public utilities commission fixed utility fund and the telecommunications utility fund created in section 40-2-114. the full amount so determined. No THE GENERAL ASSEMBLY SHALL NOT APPROPRIATE MONEY FROM THE general fund moneys shall be appropriated to the office of consumer counsel for the performance of its duties and responsibilities under this article ARTICLE 6.5.

SECTION 10. In Colorado Revised Statutes, 24-1-122, **amend** (2) introductory portion and (2)(a.5) as follows:

- **24-1-122. Department of regulatory agencies creation.** (2) The department of regulatory agencies shall consist CONSISTS of the following divisions:
- (a.5) The office of consumer counsel the utility consumer advocate and the utility consumers' board, created by In article 6.5 of title 40. C.R.S. The office of consumer counsel the utility consumer advocate and its powers, duties, and functions are transferred by a **type 1** transfer to the department of regulatory agencies as a division thereof of the department. The utility consumers' board shall exercise its powers and perform its duties and functions under the department as if the same were transferred to the department by a **type 1** TYPE **2** transfer and allocated to the office of consumer counsel the utility consumer advocate.

SECTION 11. In Colorado Revised Statutes, 40-2-114, amend (2) as follows:

40-2-114. Disposition of fees collected - telecommunications utility fund - fixed utility fund. (2) Moneys Money in the funds created in subsection (1) of this section shall be expended only to defray the full amount determined by the general assembly for the administrative expenses of the commission for the supervision and regulation of the public utilities paying the fees and for the financing of the office of consumer counsel THE UTILITY CONSUMER ADVOCATE created in article 6.5 of this title TITLE 40. The state treasurer shall retain any unexpended balance remaining in either fund at the end of any fiscal year to defray the administrative expenses of the

commission during subsequent fiscal years, and the executive director of the department of revenue shall take any such unexpended balance into account when computing the percentage upon which fees for the ensuing fiscal year will be based.

- **SECTION 12.** In Colorado Revised Statutes, 40-2-122, **amend** (3)(c) introductory portion, (3)(c)(XI), (5), and (10) as follows:
- **40-2-122.** Natural gas deregulation of supply voluntary separation of service offerings consumer protection legislative declaration. (3) (c) The commission shall not approve a plan submitted pursuant to paragraph (a) of this subsection (3) subsection (3)(a) of this section unless the price charged for natural gas delivery services does not subsidize natural gas supply service under the plan and, in addition, the plan:
- (XI) Provides for funding of the commission and the office of consumer counsel THE UTILITY CONSUMER ADVOCATE based upon a charge to end-use customers, as determined by the commission, as a part of the natural gas delivery function, regardless of the identity of the natural gas supplier. Such new funding method shall MUST be competitively neutral and shall be designed to generate annual revenues equivalent to the average annual revenues generated under sections 40-2-109 to 40-2-114 during calendar years 1994 to 1998 associated with the sale of natural gas service from the geographic area or group of customers affected by the plan. Whenever such new funding method is instituted for any specific geographic area or group of customers, the natural gas public utilities serving such THE area or group shall no longer pay the fees that would otherwise have been required under said THE sections.
- (5) The department of revenue is hereby authorized to collect funding for the commission and the office of consumer counsel THE UTILITY CONSUMER ADVOCATE in accordance with subparagraph (XI) of paragraph (c) of subsection (3) SUBSECTION (3)(c)(XI) of this section.
- (10) The general assembly determines that a new funding formula should be devised to adequately fund the commission's and office of eonsumer counsel's THE UTILITY CONSUMER ADVOCATE'S administrative expenses. On or before December 1, 2000, the commission and the office of consumer counsel shall recommend to the general assembly those legislative changes needed to develop appropriate funding mechanisms for the public utilities commission and the office. of consumer counsel. This provision is intended to provide a comprehensive replacement for the funding method contained in the utility plan under subparagraph (XI) of paragraph (c) of subsection (3) SUBSECTION (3)(c)(XI) of this section.
- **SECTION 13.** In Colorado Revised Statutes, 40-3-104.3, **amend** (1)(b) and (1)(e) as follows:
- **40-3-104.3. Manner of regulation competitive responses definitions repeal.** (1) (b) (I) Following a notice period of five days after the filing of an application under this section, the commission shall approve or deny the application within thirty days. All applications filed with the commission pursuant to this section shall be placed at the head of the commission's docket and shall be disposed of promptly within the time periods set forth in this paragraph (b) SUBSECTION

- (1)(b)(I); except that, for good cause shown, the commission may extend the period in which it must act for an additional fifteen days, or, in extraordinary circumstances, including but not limited to the existence of numerous pending applications under this section, the commission may extend the period in which it must act for an additional thirty days beyond the fifteen days provided for in this paragraph (b) SUBSECTION (1)(b)(I).
- (II) Whenever such THE application is continued as provided in this paragraph (b) SUBSECTION (1)(b)(I) OF THIS SECTION, the commission shall enter an order making such THE continuance and stating fully the facts necessitating the continuance. If the commission has not approved or denied any such AN application within the time periods set forth in this paragraph (b) SUBSECTION (1)(b)(I) OF THIS SECTION, the application shall be deemed approved. If the commission denies any such AN application for approval within the permitted period, the subject contract shall DOES not become effective.
- (III) Any contract submitted pursuant to this section shall be filed under seal and treated as confidential by the commission; except that, at the time the applicant files an application or contract with the commission, the applicant shall also furnish a copy of the application to any public utility then providing electric, gas, or steam service in the state of Colorado to the customer, and also furnish a copy to the office of consumer counsel, and the UTILITY CONSUMER ADVOCATE, WHICH office of consumer counsel shall also treat said THE contract as confidential.
- (e) Within ten days after the execution of such THE contract, the public utility shall file with the commission under seal and as a confidential document the final contract or other description of the price and terms of service, together with any additional information required by the commission. The applicant shall also furnish a copy of such THE information to the office of consumer counsel, who THE UTILITY CONSUMER ADVOCATE, WHICH OFFICE shall treat the information as confidential. The commission shall have HAS no authority to disapprove the contract if the contract complies with the conditions contained in paragraph (a) of this subsection (1) subsection (1)(a) of this section, but the commission may consider the contract for general regulatory purposes and to ensure compliance with the requirements of this section.
- **SECTION 14. Appropriation.** (1) For the 2021-22 state fiscal year, \$453,941 is appropriated to the department of regulatory agencies. This appropriation is from the fixed utility fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act, the department may use this appropriation as follows:
- (a) \$265,311 for use by the office of the utility consumer advocate for personal services, which amount is based on an assumption that the office will require an additional 3.2 FTE;
- (b) \$29,120 for use by the office of the utility consumer advocate for operating expenses; and
 - (c) \$159,510 for the purchase of legal services.
 - (2) For the 2021-22 state fiscal year, \$159,510 is appropriated to the department

of law. This appropriation is from reappropriated funds received from the department of regulatory agencies under subsection (1)(c) of this section and is based on an assumption that the department of law will require an additional 0.8 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of regulatory agencies.

SECTION 15. Effective date. This act takes effect September 1, 2021.

SECTION 16. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Approved: July 7, 2021